

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

APPLICATION OF KENTUCKY POWER COMPANY)
FOR APPROVAL OF CAPACITY AND ENERGY) CASE NO. 7666
EMERGENCY CONTROL PROGRAM)

A M E N D E D O R D E R

On October 6, 1980 the Kentucky Power Company (KPC) filed its application for a revision of the Commission's Order in Case No. 7666 which was issued on September 17, 1980, or requested a rehearing of the case. The requested revisions would delete three changes which the Commission made in the Energy Emergency Control Program as originally submitted by KPC. These changes were:

1. It added a requirement that KPC make an inventory of its fuel stock within the 30 day period prior to the start of an anticipated emergency.
2. It directed that the acronym "KPC" be substituted for "AEP System" wherever it appears in the procedures section.
3. It substituted a different method for calculating the number of "days burn" remaining for coal-fired generation.

The matter was set for a rehearing on November 24, 1980, at 10:00 a.m. in the Commission's offices at Frankfort, Kentucky, to hear additional arguments and testimony on the applicants request. All parties of interest were allowed to be heard except two representatives of KPC who were unable to appear due to travel restrictions imposed by the weather. The Kentucky Department of Energy was allowed to intervene and to enter testimony and to cross-examine witnesses. At the conclusion of the proceedings the Commission Ordered the matter to stand in recess pending the filing of certain documents and information by the applicant and upon receipt of these, the matter would be considered as submitted for disposition by the Commission. All documents and information was filed by January 13, 1981 and the matter was submitted.

The Commission, after consideration of the application and all evidence of record and being advised is of the opinion and finds:

1. That it is in the public interest for a utility to know how much fuel stock it has when an emergency is impending since the number of "days burn" remaining determines the trigger dates for imposing load curtailment procedures. The Commission notes that its Order of September 17, 1980, did not specify the method to be used in making the inventory but merely requires that it be done, therefore this requested revision should be denied.

2. That the Commissions Order to substitute "KPC" in place of "AEP System" wherever it appears in the procedures section was not intended to force KPC to sever its interconnections with other utilities, whether AEP affiliates or adjacent utilities. The purpose of this was to recognize that the Kentucky Commission has jurisdiction over KPC only and not over the entire AEP System. There was no intent to fragment the AEP System into separate entities and the September 17, 1980, Order in its findings (No. 2) along with the procedures described in I(3), II(2), II(3), II(5), and III(1) clearly indicate that the interconnections are to be maintained. Furthermore the Commission recognizes the vulnerability of KPC if it were forced to operate alone without the support of the AEP System and other interconnected utilities, therefore this request for a revision should be sustained.

3. That the method of calculating "days burn" of remaining coal fired generation, as Ordered by the Commission, is the method which the Federal Department of Energy has indicated that they intend to adopt for use throughout the ECAR area and consequently the use of another method by any utility will likely entail the reporting of two different numbers of "days burn" remaining for any particular reporting period. Nevertheless the Commission recognizes the difficulties that would be encountered by KPC if they were required to use a different method than that which has already been adopted by member utilities of the AEP System in other states, therefore this request for a revision should be sustained.

IT IS THEREFORE ORDERED that the request by KPC that the requirement for making an inventory of their fuel in the, event of an impending emergency, be deleted from the Order of September 17, 1980, is hereby denied.

IT IS FURTHER ORDERED that the request by KPC that the Order of September 17, 1980, be revised as necessary to clearly recognize that KPC, in the event of an emergency, is to continue to operate as an integral part of the AEP System is hereby sustained and Order of September 17, 1980, is hereby amended as follows:

Delete paragraph (b) on page 2 of the Order of September 17, 1980, which states "in the procedures section the term KPC shall be substituted for "AEP Systems" wherever it appears" and substitute the following for paragraph (b): On page 9 of exhibit 1 modify the first paragraph of the "Procedures" section so that the first sentence reads "In the event of a potential severe coal shortage, such as one resulting from a general coal strike, the following steps will be implemented by KPC in conjunction with the other AEP operating companies on an AEP System-wide basis."

IT IS FURTHER ORDERED that the request by KPC to revise the Order of September 17, 1980, which directed KPC to adopt a method of calculating "days burn" of remaining coal-fired generation is hereby sustained and it is therefore Ordered that paragraph (c) on page 2 of the above order be deleted.

IT IS FURTHER ORDERED that all other provisions and conditions of the Order of September 17, 1980, shall remain in effect.

Done at Frankfort, Kentucky, this 22nd day of January, 1981.

ENERGY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary